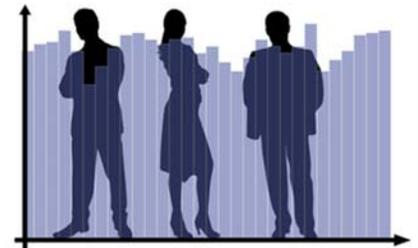


Municipal Edge

GASB 84 - Fiduciary Activities

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for fiscal years ending December 31, 2019 and after. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. Municipalities with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

- Effective Date: Reporting period beginning after December 15, 2018
- Provides clarity on what is considered a custodial 'trust and agency' account
- Key determination is control, focus is generally on:
 - Whether the government is controlling the assets of the fiduciary activity, and
 - Beneficiaries with whom a fiduciary relationship exists
- If the governmental entity has determined that they have control, it will be reported in the financial statements as a governmental activities fund (general fund or special revenue fund)
- Each instance will need to be analyzed individually, so start now



GASB 87 - Leases

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for fiscal year end's December 31, 2021 and after. The objective of this Statement is to increase the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Based on our preliminary discussions with municipalities we have identified lessee and lessor contracts that will need to be evaluated. It is important to start the evaluation process of your lease agreements early to identify the proper accounting treatment for each.

PA 202 of 2017 (What's New)

Two new requirements as part of this act will have significant impacts on your next audit: The payment of normal cost of retirement health benefits for employees first hired after June 30, 2018 and the use of Michigan Department of Treasury's uniform assumptions for pension and OPEB actuarial valuations issued after December 31, 2018.

Retiree Health Care Benefit Payments

Beginning July 1, 2018, the Act requires that a municipality pay the normal cost of retirement health benefits for employees first hired after June 30, 2018. A retiree healthcare trust to account for these payments will need to be established if the municipality does not currently have one.

Treasury Uniform Assumptions

Actuarial valuations issued after December 31, 2018 should include the data required for Treasury's uniform assumption reporting.

https://www.michigan.gov/documents/treasury/Uniform_Assumption_Memo_signed_639123_7.pdf

MTF Overpayments

Road Commissions, Cities and Villages have been affected by an overpayment of their MTF funding in 2018. These overpayments from the State of Michigan are being adjusted in three separate methods. First, the MTF in February 2019 has been adjusted for an overpayment of December 2018 MTF. Second, the MTF for January through October 2019 will be adjusted for the overpayments from 2018. Third, additional MTF overpayments from 2018 were discovered which will be adjusted in the April 2019 payment. Those Municipalities with a fiscal year end between December 31, 2018 and June 30, 2019 will need to calculate the liability that is due back to the State of Michigan using the overpayment breakdowns from the State of Michigan.

Overpayments Breakdowns (three types) for County:

www.michigan.gov/documents/mdot/combined_CityVillage_Breakdowns_3.29.19_651088_7

Overpayment Breakdowns (three types) for City/Village:

www.michigan.gov/documents/mdot/combined_County_Breakdowns_3.29.19_651086_7

Computers Running Windows 7 WILL be at Risk

Do you have computers running on Windows 7? Windows 7 was one of Microsoft's most loved computing operating systems and it is still widely used today. According to NetMarketShare's September 2018 data, 41% are still using Windows 7 - compared to the 37% who have moved on to the latest operating system, Windows 10. Windows 7 has reached the end of its lifecycle with support ending in January 2020. Consequently, upgrading your computer is an essential task for the safety of your systems and data.

So what happens when Microsoft ends support? Your computers will operate as usual, however, they will be extremely vulnerable to security risks. Microsoft will no longer provide feature updates and security patches after January 2020, therefore, Windows 7 will provide no protection to new risks. Upgrade your operating system now or risk your computer's security to cyber thieves and ransomware.

If your organization is running computers with Windows 7, time is running out! Contact Ryan Carter at 517.323.7500 to keep your computers, system and data safe and secure. Don't delay, time is running out!

What's New at Maner Costerisan

Stevens, Kirinovic & Tucker P.C. Merger with Maner Costerisan

Effective January 1, 2019, the professionals of Stevens, Kirinovic & Tucker P.C. joined the team at Maner Costerisan. We view this merger as a significant benefit for our clients and look forward to a bright future. This merger added Aaron Stevens, CPA, Steve Kirinovic, CPA and William Tucker, CPA as Principals and Jim Frenndt, CPA, Dane Porter, CPA and Jordan Smith, CPA as Senior Managers of Maner Costerisan.

Conference Dates

Michigan Public Transit Association, Thompsonville, August 21-23
Michigan Works, Kalamazoo, September 8-10
Michigan Gov. Mgmt. Information Services, Boyne Falls, September 15-18
Michigan Library Association, Novi, October 16-18
Michigan Municipal Treasurers Association, Kalamazoo, October 13-15

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We appreciate your business.

Please let us know if we can be of any assistance to you in the above, or other matters.